



ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R09-OAR-2012-0734; FRL-9727-4]

Withdrawal of Approval of Air Quality Implementation Plans; California; San Joaquin Valley; 1-Hour and 8-Hour Ozone Extreme Area Plan Elements

AGENCY: U.S. Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA is proposing to withdraw a March 8, 2010 final action approving state implementation plan (SIP) revisions submitted by the State of California under the Clean Air Act (CAA) to provide for attainment of the 1-hour ozone National Ambient Air Quality Standards (NAAQS) in the San Joaquin Valley extreme ozone nonattainment area. This proposed action is in response to a decision issued by the U.S. Court of Appeals for the Ninth Circuit (*Sierra Club v. EPA*, 671 F.3d 955 (9th Cir. 2012)) remanding EPA's approval of these SIP revisions. In addition, EPA is proposing to withdraw our approval of a portion of a March 1, 2012 final rule approving SIP revisions submitted by California to provide for attainment of the 1997 8-hour ozone NAAQS in the San Joaquin Valley. The portion of this final action for which EPA is proposing to withdraw its approval addressed requirements regarding emissions growth caused by growth in vehicle miles traveled under the CAA. This proposed action is in response to a decision issued by the U.S. Court of Appeals for the Ninth Circuit (*Association of Irrigated Residents*, 632 F.3d 584 (9th Cir. 2011), *as amended* Jan. 27, 2012), rejecting EPA's interpretation of the CAA, which had provided the basis for this portion of EPA's March 1, 2012 final rule.

DATE: Comments must be received on or before **Insert date 30 days from the date of**

publication in the Federal Register].

ADDRESSES: Submit comments, identified by docket number EPA-R09-OAR-2012-0734, by one of the following methods:

- Federal eRulemaking Portal: www.regulations.gov. Follow the on-line instructions.
- E-mail: wicher.frances@epa.gov.
- Mail or delivery: Frances Wicher, (AIR-2), U.S. Environmental Protection Agency
Region 9, 75 Hawthorne Street, San Francisco, CA 94105.

Instructions: All comments will be included in the public docket without change and may be made available online at www.regulations.gov, including any personal information provided, unless the comment includes Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Information that you consider CBI or otherwise protected should be clearly identified as such and should not be submitted through www.regulations.gov or e-mail. The www.regulations.gov website is an “anonymous access” system, and EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send e-mail directly to EPA, your e-mail address will be automatically captured and included as part of the public comment. If EPA cannot read your comments due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment.

Docket: The index to the docket for this proposed action is available electronically on the www.regulations.gov website and in hard copy at EPA Region 9, 75 Hawthorne Street, San Francisco, California, 94105. While all documents in the docket are listed in the index, some information may be publicly available only at the hard copy location (e.g., copyrighted material), and some may not be publicly available at either location (e.g., CBI). To inspect the hard copy

materials, please schedule an appointment during normal business hours with the contact listed in the **FOR FURTHER INFORMATION CONTACT** section below.

FOR FURTHER INFORMATION CONTACT: Frances Wicher, Air Planning Office (AIR-2), (415) 972-3957, wicher.frances@epa.gov.

SUPPLEMENTARY INFORMATION: Throughout this document, “we”, “us” and “our” refer to EPA.

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I. San Joaquin Valley 2004 1-Hour Ozone Plan

A. Background

On March 8, 2010, EPA fully approved state implementation plan (SIP) revisions submitted by the State of California to provide for attainment of the 1-hour ozone NAAQS in the San Joaquin Valley (SJV) extreme ozone nonattainment area. 75 FR 10420. The California Air Resources Board (CARB) had submitted these SIP revisions to satisfy the applicable requirements of part D, title I of the CAA following EPA’s reclassification of the SJV area from severe to extreme nonattainment for the 1-hour ozone NAAQS effective May 17, 2004. 69 FR

20550 (April 16, 2004).¹ The SIP revisions that EPA approved consisted of the following four submissions: (1) the “Extreme Ozone Attainment Demonstration Plan,” adopted by the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD or District) in October 2004 and submitted by CARB on November 15, 2004 (2004 SIP); (2) amendments to the 2004 SIP adopted by the District in October 2005 and submitted by CARB on March 6, 2006 to, among other things, amend the control strategy (2005 Amendments); (3) the “Clarifications Regarding the 2004 Extreme Ozone Attainment Demonstration Plan,” adopted by the District in August 2008 and submitted by CARB on September 5, 2008 to provide updates to the 2004 SIP related to reasonably available control technology (RACT) measures adopted by the SJVUAPCD, the rate-of-progress (ROP) demonstration, and contingency measures (2008 Clarifications); and (4) relevant portions of the “2003 State and Federal Strategy for the California State Implementation Plan,” adopted by CARB in October 2003 and submitted to EPA on January 9, 2004 (2003 State Strategy), which identify CARB’s regulatory agenda to reduce ozone and particulate matter in California and include statewide control measures applicable in the SJV. The 2003 State Strategy, as modified by CARB’s resolution adopting it and CARB’s resolution adopting the 2004 SIP, also includes State commitments to reduce emissions in the SJV area by specified amounts. The 2004 SIP relies in part on the 2003 State Strategy for the reductions needed to demonstrate attainment and ROP for the 1-hour ozone standard in the SJV area. *See* 75 FR 10420, 10421 (March 8, 2010).

¹ EPA established a new 8-hour ozone standard in 1997 (62 FR 38856 (July 18, 1997)) and subsequently revoked the 1-hour ozone standard effective June 15, 2005 in the SJV (40 CFR 50.9(b); 69 FR 23951 (April 30, 2004) and 70 FR 44470 (August 3, 2005)). However, the SJV area remains subject to certain CAA requirements for the 1-hour ozone standard through the anti-backsliding provisions in EPA’s implementing regulations. *See* 40 CFR 51.905(a)(1) and 51.900(f).

These submittals, which we refer to collectively as the “2004 1-Hour Ozone Plan” or “Plan,” contained the following required elements of a 1-hour ozone plan for the SJV: (1) a rate of progress (ROP) demonstration as required by CAA sections 172(c)(2) and 182(c)(2); (2) ROP contingency measures as required by CAA sections 172(c)(9) and 182(c)(9); (3) an attainment demonstration as required by CAA sections 182(c)(2)(A) and 181(a); (4) attainment contingency measures as required by CAA section 172(c)(9); (5) a reasonably available control measures (RACM) demonstration as required by CAA section 172(c)(1); (6) provisions for clean fuels/clean technologies for boilers as required by CAA 182(e)(3); and (7) vehicle miles traveled (VMT) provisions as required by CAA section 182(d)(1)(A), including the requirement regarding transportation control strategies and transportation control measures sufficient to offset any growth in emissions from growth in VMT or numbers of vehicle trips in the SJV area (VMT emissions offset requirement).

The Sierra Club and several environmental groups filed a petition for review of EPA’s March 8, 2010 approval of the 2004 1-Hour Ozone Plan, arguing, among other things, that EPA’s action was arbitrary and capricious under the Administrative Procedure Act (APA) because it did not take into account new emissions inventory data that California had submitted subsequent to its submittal of the 2004 1-Hour Ozone Plan. On January 20, 2012, the U.S. Court of Appeals for the Ninth Circuit granted the petition with respect to this issue, holding that EPA’s failure to consider the new emissions data rendered the Agency’s action arbitrary and capricious under the APA and remanding EPA’s action, in its entirety, for further proceedings consistent with the decision. *See Sierra Club, et. al. v. EPA*, 671 F.3d 955 (9th Cir. 2012) (*Sierra Club*). The court declined to reach the other issues raised in the petition for review.

B. EPA’s Proposed Action

Consistent with the *Sierra Club* court's remand, EPA is proposing to withdraw its March 8, 2010 approval of the 2004 1-Hour Ozone Plan (75 FR 10420) in its entirety. This withdrawal, if finalized, would have the effect of removing the 2004 1-Hour Ozone Plan from the applicable California SIP and deleting the provisions in 40 CFR 52.220(c) where EPA's approval of the Plan is currently codified. *See* 40 CFR 52.220(c)(317)(i)(B)(I), (c)(339)(i)(B)(I) and (ii)(C), (c)(348)(i)(A)(2), and (c)(369)-(371). The District has stated its intent to withdraw the Plan from EPA's consideration following EPA's withdrawal of approval, and to submit a new 1-hour ozone plan to EPA by June 30, 2013. *See* letter dated July 10, 2012, from Seyed Sadredin, Executive Director/APCO, SJVUAPCD, to Jared Blumenfeld, Regional Administrator, U.S. EPA Region IX, Re: "San Joaquin Valley 1-hour Ozone Plan." Consistent with these representations, we understand that California intends to promptly withdraw the 2004 1-Hour Ozone Plan from EPA's consideration if EPA finalizes today's proposal. Accordingly, EPA is not proposing additional action on the 2004 1-Hour Ozone Plan at this time.

As a consequence of EPA's reclassification of the SJV to extreme nonattainment for the 1-hour ozone standard in 2004, California was obligated to submit plan revisions for the SJV area meeting CAA and regulatory requirements for extreme 1-hour ozone nonattainment areas. Because California will be in default of these obligations should it withdraw the Plan from EPA's consideration, following such withdrawal EPA will promptly issue a finding of failure to submit pursuant to CAA section 179(a)(1), effective upon publication in the Federal Register. This finding would trigger mandatory sanctions under CAA section 179 unless the deficiency is corrected within 18 months of such finding and would also trigger an obligation on EPA to promulgate a Federal Implementation Plan (FIP) under CAA section 110(c) unless California submits and we approve SIP revisions that correct the deficiency within two years of such

finding. Should California fail to promptly withdraw the 2004 1-Hour Ozone Plan upon finalization of today's proposal, EPA plans to commence a new rulemaking addressing the approvability of the 2004 1-Hour Ozone Plan.

If California withdraws the 2004 1-Hour Ozone Plan, the plan elements under subparts 1 and 2 of part D, title I of the CAA for which the State will no longer have a valid submission and thus would be required to submit for the 1-hour ozone NAAQS for the SJV area are as follows:

(1) a ROP demonstration meeting the requirements of CAA sections 172(c)(2) and 182(c)(2); (2) ROP contingency measures meeting the requirements of CAA sections 172(c)(9) and 182(c)(9); (3) an attainment demonstration meeting the requirements of CAA sections 182(c)(2)(A) and 172(a)(2); (4) attainment contingency measures meeting the requirements of CAA sections 172(c)(9); (5) a reasonably available control measures (RACM) demonstration meeting the requirements of CAA section 172(c)(1); (6) provisions satisfying the requirements for clean fuels/clean technologies for boilers in CAA 182(e)(3); and (7) provisions satisfying the vehicle miles traveled (VMT) provisions of CAA section 182(d)(1)(A), including the VMT emissions offset requirement. *See* 40 CFR 51.905(a)(1) and 51.900(f); *see also* 75 FR 10420, 10436-37.

II. VMT Emissions Offset Requirement for 1997 8-Hour Ozone Standard

A. Background

On March 1, 2012, EPA fully approved SIP revisions submitted by California to provide for attainment of the 1997 8-hour ozone NAAQS in the SJV extreme ozone nonattainment area (2007 8-Hour Ozone Plan).² 77 FR 12652 (March 1, 2012). This final rule, which was signed by the Regional Administrator on December 15, 2011, included a determination that the 2007 8-

² For a more detailed description of this SIP, *see* 76 FR 57846, 57847 (September 16, 2011).

Hour Ozone Plan satisfied the VMT emissions offset requirement in CAA section 182(d)(1)(A).³ 77 FR at 12670. Although the 2007 8-Hour Ozone Plan does not contain a specific demonstration to address the VMT emissions offset requirement, EPA concluded, based on the Agency's then-current interpretation of CAA section 182(d)(1)(A), that California was not required to include additional transportation control strategies and transportation control measures to offset growth in emissions from growth in VMT in the SJV area for purposes of the 1997 8-hour ozone NAAQS because the 2007 8-Hour Ozone Plan demonstrated that both volatile organic compounds and nitrogen oxides emissions from on-road mobile sources declined steadily over the entire period covered by the plan. 76 FR 57846, 57863 (September 16, 2011) (proposed rule) and 77 FR 12652, at 12666 and 12670 (March 1, 2012) (final rule).⁴

As explained in EPA's proposed and final rules, in *Association of Irrigated Residents v. EPA*, 632 F.3d 584 (9th Cir. 2011) (*AIR*), the U.S. Court of Appeals for the Ninth Circuit held that CAA section 182(d)(1)(A) requires states to adopt, among other things, transportation control measures and strategies whenever, due to growth in VMT, vehicle emissions are

³ Section 182(d)(1)(A) of the Act states as follows:

Within 2 years after November 15, 1992, the State shall submit a revision that identifies and adopts specific enforceable transportation control strategies and transportation control measures to offset any growth in emissions from growth in vehicle miles traveled or numbers of vehicle trips in such area and to attain reduction in motor vehicle emissions as necessary, in combination with other emission reduction requirements of this subpart, to comply with the requirements of subsection (b)(2)(B) and (c)(2)(B) of this section (pertaining to periodic emissions reduction requirements). The State shall consider measures specified in section 7408(f) of this title, and choose from among and implement such measures as necessary to demonstrate attainment with the national ambient air quality standards; in considering such measures, the State should ensure adequate access to downtown, other commercial, and residential areas and should avoid measures that increase or related emissions and congestion rather than reduce them.

⁴ As explained in these rulemakings, EPA has historically interpreted CAA section 182(d)(1)(A) to allow areas to meet the requirement by demonstrating that emissions from motor vehicles decline each year through the attainment year. *See* 57 FR 13498, at 13521-13523 (April 16, 1992).

projected to be higher than they would have been had VMT not increased, even when aggregate vehicle emissions are actually decreasing. 76 FR 57846, 57863 and 77 FR 12652 at fn. 4. At the time of signature of the final rule approving the 2007 8-Hour Ozone Plan, December 15, 2011, the court had not yet issued its mandate in the *AIR* case and EPA had not adopted the court's interpretation for the reasons set forth in the Agency's petition for rehearing of the court's ruling on the VMT emissions offset requirement, pending a final decision by the court. *Id.* Accordingly, notwithstanding adverse comments on EPA's proposal with respect to this issue, EPA proceeded to fully approve the 2007 8-Hour Ozone Plan as satisfying the VMT emissions offset requirement in CAA section 182(d)(1)(A) on the basis of EPA's then-current interpretation of this requirement. On January 27, 2012, the U.S. Court of Appeals for the Ninth Circuit denied EPA's petition for rehearing in *AIR* and issued an amended opinion. The mandate issued on February 13, 2012. *See Association of Irrigated Residents, et al., v. EPA*, Nos. 09-71383 and 09-71404 (consolidated), 632 F.3d 584 (9th Cir. 2011), reprinted as amended on January 27, 2012, 686 F.3d 668, further amended February 13, 2012.

EPA's final rule approving the 2007 8-Hour Ozone Plan was published on March 1, 2012 (77 FR 12652). Shortly thereafter, several environmental and community groups filed a lawsuit in the Ninth Circuit challenging that approval. *Committee for a Better Arvin et al. v. EPA*, No. 12-71332.

B. EPA's Proposed Action

As noted above, the Ninth Circuit rejected EPA's prior interpretation of the VMT emissions offset requirement in section 182(d)(1)(A), under which we had allowed states to demonstrate compliance through submittal of aggregate motor vehicle emissions estimates showing year-over-year declines in such emissions. This interpretation formed the basis for

EPA's determination that the 2007 8-Hour Ozone Plan satisfied the VMT emissions offset requirement. In response to the court's ruling in *AIR*, we are proposing to withdraw our March 1, 2012 determination that the 2007 8-Hour Ozone SIP satisfies the VMT emissions offset requirement in CAA section 182(d)(1)(A) because it is predicated on an interpretation of section 182(d)(1)(A) that has been rejected by the Ninth Circuit. The 2007 8-Hour Ozone Plan fails to identify, compared to a baseline assuming no VMT growth, the level of increased emissions resulting solely from VMT growth and to show how such increased emissions have been offset through adoption and implementation of transportation control strategies and transportation control measures. This withdrawal would be limited to our conclusion with respect to the VMT emissions offset requirement and would not affect any other element of our March 1, 2012 action on the 2007 8-Hour Ozone SIP.

Because EPA's determination that the 2007 8-Hour Ozone SIP satisfied the VMT emissions offset requirement was made in the absence of any such demonstration submitted by the State, California will be in default of its obligation to submit a SIP revision satisfying this requirement if EPA finalizes the withdrawal of its determination that the obligation has been met. Therefore, simultaneously with a final action to withdraw our previous determination that the 2007 8-Hour Ozone Plan satisfies the VMT emissions offset requirement in CAA section 182(d)(1)(A), EPA intends to issue a finding that California has failed to submit a SIP revision to address this requirement, which would be effective upon publication in the Federal Register. This finding would trigger mandatory sanctions under CAA section 179 unless the deficiency is corrected within 18 months of such finding and would also trigger an obligation on EPA to promulgate a Federal Implementation Plan (FIP) under CAA section 110(c) unless California

submits and we approve a SIP revision that corrects the deficiency within two years of such finding.

III. Public Comment

We will accept comments from the public on these proposals for the next 30 days. The deadline and instructions for submission of comments are provided in the “Date” and “Addresses” sections at the beginning of this preamble.

IV. Statutory and Executive Order Reviews

This action merely proposes to withdraw previous EPA actions, or portions thereof, on SIP revisions submitted by California to provide for attainment of ozone standards in the San Joaquin Valley. As such it does not propose to impose additional requirements on any entity. For that reason, this proposed action:

- Is not a “significant regulatory action” subject to review by the Office of Management and Budget under Executive Order 12866 (58 FR 51735 (October 4, 1993));
- Does not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*);
- Is certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*);
- Does not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);
- Does not have Federalism implications as specified in Executive Order 13132 (64 FR 43255 (August 10, 1999));

- Is not an economically significant regulatory action based on health or safety risks subject to Executive Order 13045 (62 FR 19885 (April 23, 1997));
- Is not a significant regulatory action subject to Executive Order 13211 (66 FR 28355 (May 22, 2001));
- Is not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- Does not provide EPA with the discretionary authority to address, as appropriate, disproportionate human health or environmental effects, using practicable and legally permissible methods, under Executive Order 12898 (59 FR 7629 (February 16, 1994)).

In addition, this proposed action does not have Tribal implications as specified by Executive Order 13175 (65 FR 67249; November 9, 2000), because the SIP does not apply in Indian country located in the State, and EPA notes that it will not impose substantial direct costs on Tribal governments or preempt Tribal law.

List of Subjects in 40 CFR Part 52

Environmental protection, Air pollution control, Intergovernmental relations, Nitrogen Dioxide, Ozone, Volatile organic compounds.

AUTHORITY: 42 U.S.C. 7401 *et seq.*

Dated: August 30, 2012.

Jared Blumenfeld,
EPA Regional Administrator, Region 9.

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